



Forward looking statement

In this annual report, we have disclosed forward-looking information to help investors to comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking

statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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CORPORATE INFORMATION

Board of Directors

Shri Sanjay Jhunjhunwala
Chairman

Shri Sandip Jhunjhunwala
Vice Chairman cum Managing Director

Dr. ING N. K. Gupta
Director

Shri A. Chatterjee
Director

Shri K. D. Ghosh
Director

Company Secretary

Shri Mandan Mishra

Statutory Auditor

P. K. Lilha & Co.
Chartered Accountants

Internal Auditor

S. Jaikishan
Chartered Accountants

Registered Office

"Everest House"
46C, Chowringhee Road,
15th Floor, Room No. – 15 B
Kolkata – 700071

Corporate Office

58A/1, Sainik Farm
New Delhi - 110062

R & T Agent

Maheshwari Datamatics Pvt. Ltd
6 Mangoe Lane, 2nd Floor,
Kolkata - 700001

Bankers/Financial Institutions

1. UCO Bank
2. Indian Overseas Bank
3. Corporation Bank
4. Allahabad Bank
5. State Bank of Bikaner & Jaipur
6. United Bank of India
7. Bank of Maharashtra
8. HDFC Bank Ltd.
9. IndusInd Bank Ltd.
10. State Bank of Indore
11. ICICI Bank Ltd.
12. State Bank of Mysore
13. Infrastructure Development Finance Co. Ltd.
14. Indian Renewable Energy Development Agency Ltd.
15. Dena Bank

DIRECTORS' REPORT



Dear members

Your Directors have pleasure in presenting the Fourteenth Board Report along with the audited financial results for the year ended 31st March 2008.

Summarised financial results:

(Rs. in Lacs)

	2007-08	2006-07
Net sales	1,85,744	1,08,534
Profit before interest and depreciation	32,827	19,884
Less: Interest	17,741	7,724
Depreciation	2,067	1,556
Profit before tax	13,019	10,604
Less: Provision for taxation (including FBT and other taxes)	2,107	1496
Profit after tax	10,912	9,108
Amount available for appropriation	12,804	9,847
Less:		
Interim dividend paid for equity shares	–	672
Corporate dividend tax	–	94
Proposed dividend	883	160
Corporate dividend tax	150	27
Short provision for dividend and tax	–	1
Transfer to General Reserve	9,423	7,000
Balance carried to Balance Sheet	2,348	1,892

Financial performance

During the year under review 2007-08, your Company achieved sales of Rs. 1,857 crore as against Rs. 1,085 crore in the previous year, thereby registering an overall growth of over 70%. This was possible because of increased volumes and realisations in the basmati rice segment and by the success of one of the most rapid retail format rollouts in the country. The segment-wise detail highlights the performance of the individual segments of the Company.

Basmati rice segment

During 2007-08, there was an increase in sales from Rs. 1,051 crore in 2006-07 to Rs. 1,651 crore in 2007-08 thereby registering a growth of 57%. During the year, the Company increased its basmati processing capacity by acquiring on lease basis, a processing capacity of 18 TPH at Amritsar.

Retail segment

As per the Thirteenth Annual Report for the year 2006-07, the Company commenced commercial operations with the opening of the first outlet at Delhi with a vision to consolidate the fragmented food and grocery segment of the Indian retail industry and to be a premier thought leader in Indian retail. The Company progressed with the successful rollout of 320 "6Ten" stores as on 31st March 2008. The Company built a unique, distinctive and scalable business model leveraging on its strengths. The 320 "6Ten" outlets opened includes outlets in Delhi, Haryana, Punjab, U.P. and Maharashtra.

The Board proposed and recommended final dividend at 15% on equity share holders aggregating to Rs. 722.57 lacs and at 4% to the preference share holders aggregating to Rs. 160.00 lacs for the year ended 31st March 2008.

The rapid rollout of the retail outlets reflects in the sales growth in 2007-08. This segment registered a sales of Rs. 184.74 crores, up from Rs. 2.48 lac during the previous year.

Wind power segment

This segment witnessed low revenue generation as a result of decrease in output, characterised by low wind profile and temporary closure of some wind turbines on account of maintenance service from suppliers. However, the Company took necessary steps to prevent such situation and expects revenue growth in the next financial year. The revenue generated from sale of wind energy decreased from Rs. 22.52 crore to Rs. 18.36 crore during the year.

The Company has set up 10.2-MW wind farm in Gujarat during the current year to mitigate the risk of climate change in lieu of carbon credits.

Dividends

The Board proposed and recommended final dividend at 15% on equity share holders aggregating to Rs. 722.57 lacs and at 4% to the preference share holders aggregating to Rs. 160.00 lacs for the year ended 31st March 2008.

Unclaimed/unpaid dividend

Pursuant to the provision of S-205A read with S-205C of the Companies Act, 1956, if a dividend remains unpaid/unclaimed for a period of seven years from the date of its declaration, the same shall be transferred to "Investor Education & Protection Fund" established by the Central Government. It is to be noted

that once the dividend is transferred to this fund, the shareholder loses his right of claim over it. The Company has, during the year under review, transferred a sum of Rs. 8,520.00 as unclaimed dividend for the year 2000-01 to the said fund.

Members are requested to claim the amount of unpaid/unclaimed dividend for 2001-02 onwards, on or before the due date, failing which the said amount shall be transferred to the above mentioned fund.

Exports

The total exports sales of the Company amounted to Rs. 31,609 lacs, which represents about 19% of net sales of rice. Exports have increased from Rs. 16,075 lacs which was 15% of net sales in the previous year.

Expansion and future plans

The current year has been marked by the remarkable expansion of the Company in its retail business using its existing network and further extending the same for procurement. Your Company is planning to penetrate deeper in the areas where the Company's retail business is in operations and further increase presence to other parts of the country as the retail market remains largely unorganised.

Basmati rice segment

Your Company expanded its capacities from 61 TPH to 79 TPH by taking a plant on lease at Amritsar during the current year. The Company has registered impressive growth in the current year and the positive results of expansion will continue to show in the next and the following years.

Retail segment

Your Company is in the process of expanding its retail business to capture higher market share in retail sector. The Company plans to open retail outlets in Kolkata and other parts of West

Bengal and Gujarat during the next financial year. The Company has also started its effort to implement the plan and it is likely that it will show positive results in the following years.

Wind farms

Your Company installed a 10.2-MW wind farm in Gujarat, the aggregate capacity today being 46.1 MW.

Management Discussion and Analysis Report

A report on the Management Discussion and Analysis is annexed hereto and forms part of this report.

Corporate Governance

Your Company is committed to maintain the highest standards of Corporate Governance. A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the stock exchanges forms part of the Annual Report. A certificate to that effect has been obtained from the Statutory Auditors of the Company and is annexed to this Report.

Environmental aspects and social responsibility

The Company continues to show its commitment for improvement in all aspects of the environment and pays special emphasis for plantation and preservation of trees, development of gardens in the vicinity of the factory and office premises. We pay full attention to promote, improve and maintain our responsibility to the society. The Company has set up 46.1-MW wind farms in four Indian states, thereby mitigating the risk of climate change in return for carbon credits and meeting the energy requirements by generating environment-friendly green power.

Directors

Shri Sanjay Jhunjhunwala and Shri A. Chatterjee, Directors of the Company, will retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General

Meeting. A brief resume of the Directors seeking reappointment, their expertise etc., is given in the notice to the ensuing Annual General Meeting.

Auditors and Auditors' Report

M/s P.K. Lilha & Co., chartered accountants, statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment. They have indicated their willingness to accept reappointment. In terms of Section 224A of the Companies Act, 1956, their appointment needs to be approved by the members and their remuneration has to be fixed by the Board.

The Notes on Accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

Director's responsibility statement

Pursuant to requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed that:

- In preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanations relating to material departures, if any.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

The total exports sales of the Company amounted to Rs. 31,609 lacs, which represents about 19% of net sales of rice. Exports have increased from Rs. 16,075 lacs which was 15% of net sales in the previous year.

Public deposits

The Company has neither invited nor accepted any public deposits during the year under review.

Particulars of employees

Details of remuneration paid to employees, as required under Section 217(2A) of the Companies Act, 1956, are set out in a separate statement attached hereto and marked as Annexure 'B' and forms part of this Report.

Energy conservation, technology absorption and foreign exchange earnings and outgo

Your Company strives hard to take all measures to conserve energy and use latest technology. The particulars relating to energy conservation, technology absorption, foreign exchange as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed as Annexure 'A' and forms part of this Report.

Acknowledgment

Your Director would like to thank all its stakeholders and also place on record their appreciation for the assistance and co-operation received from our bankers, Government authorities, employees, vendors and members during the year under review. Your Directors are quite optimistic for support to be extended by all in the years to come.

For and on behalf of Board of Directors

Sandip Jhunjunwala
*Vice Chairman and
Managing Director*

Place: New Delhi
Date: 31st July 2008

Annexure A

Conservation of energy

Review of business process and close coordination with plants has resulted in energy conservation. Some of the energy conservation measures taken during 2007-08 in the different areas are as under:

- Boiler efficiency test has been carried out to ascertain the boiler performance. Boiler feed pumps, FD and ID fans have been tested upon to arrive at energy savings.
- The lighting inventory has been collected and lighting load taken for a full day to ascertain the light load trend.

Technology absorption, adaption and innovation

i) Specific areas in which R&D was carried out by the Company

The Company has its own laboratory for improving the quality of its product.

ii) Benefits derived as a result of the above efforts

The Company expects to decrease the percentage of broken rice and get finished rice grains with better gloss and finish resulting in increased marketability.

iii) Future plan of action

It is proposed to strengthen the in-house R&D facilities.

Technology absorption, adaptation and innovation efforts in brief, made towards improvement of quality and quantity of the product

iv) Expenditure on R&D

- a) Capital: NIL
- b) Recurring: Rs. 3,31,860
- c) Total: Rs. 3,31,860
- d) Total R&D as percentage of turnover: –

Benefits derived as a result of the above efforts

The Company has been able to improve the quality of its product.

Foreign exchange earnings and outgo

Total foreign exchange earned and used:	(Rs.)
Foreign exchange earned (Export of goods and interest earned)	30,268.69 lacs
Foreign exchange outgo	433.38 lacs
Net foreign exchange earned	29,835.31 lacs

Annexure B

Details of remuneration

The name of employees and remuneration drawn by them as per S-217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, are as under:

Name of employee	Qualification	Age (Experience in years)	Remuneration drawn (Rs.)	Percentage of equity shares held	Date of commencement of employment*	Last employment held
Mr. Ajay Sharma (President)	M.Sc. and postgraduate diploma in export management	53 years (31 years)	50,16,596 per annum	–	01/01/2004	Satnam Overseas Ltd.

*Employment is contractual

MANAGEMENT DISCUSSION AND ANALYSIS



The Indian economy

India now features as a trillion-dollar economy. The liberalisation initiated in the early 1990s set off a roller coaster growth and phenomenal wealth creation. The government revenues doubled in the last three years and consumer demands are rising at a faster rate than the economic growth with the nation housing the world's youngest population. India's statistical snapshot is compelling - it is the world's second-fastest growing economy. The country recorded a 9.6% growth in 2006-07 - highest in 18 years and a 9% growth in 2007-08, compared with its four-year average of 8.6%.

Industry structure and developments

Global rice production in 2007-08 fluctuated between 375-400 million tons, while consumption at around 410 million tons. Asia is the biggest rice producer globally, accounting for 90% of rice production and consumption. India is the largest producer of basmati rice in the world. It produces around 2 million tons of basmati rice per annum, accounting for almost 75% of the estimated 2.6 million tons of global production. While the Indian rice market is growing at 3-4% annually, the basmati rice market is witnessing an annual steady growth of 10% in recent years. Rice being the staple food of the population, the demand is likely to witness a steady increase and the branded rice demand is likely to increase at a CAGR of 15-16%.

The country is experiencing an enormous growth in the retail space with an unprecedented rise in the number of retail chains and malls.

India is globally the largest exporter of basmati rice. With the

annual production hovering at around 2 million tons, more than half is exported; the remaining is for domestic consumption. India usually exports about 60% of its total basmati rice production and it commands a premium over the Pakistani basmati. Pakistan being the only other country producing basmati rice.

Surging global demand and a supply side constraint, combined with rising production are simultaneously responsible for the basmati price rise. This hike in price is anticipated to encourage an increase in basmati production.

Reasons for optimism

Improving demographics: India is currently the second largest country as well as the youngest with the population estimated at 1.15 billion, growing at 1.8% annually. The Indian middle class is expected to grow to 153 million by 2009-10 (*Source: NCAER*). Currently, the urban population comprises 28% of the aggregate Indian population, growing at 2.77% and is expected to rise to 40% by 2020 (*Source: Vision 2020 document*), with much of the growth concentrated in or around 60 to 70 large Indian cities with over one million population each. This results into a rising demand for cereals.

Rising per capita income: India is the fifth largest country in purchasing power parity and the tenth largest in sheer quantum terms. In 2007-08, India's per capita income is estimated to be more than USD 825.07 and is expected to rise to USD 2,000 by 2016-17 and USD 4,000 by 2025 (*Source: CSO*). The average household disposable income would reach Rs. 3,18,896 by 2025 at a CAGR of 5.3%, resulting in an increased demand for basmati.

Rising per capita income

(Rs.)

	2004-05	2005-06	2006-07	2007-08
Per capita income	23,890	25,696	27,784	29,786

Source: Economic Survey 2007-08

The average Indian is earning higher than ever before. An AT Kearney survey reveals that the average salary growth is the highest in India. The estimated cumulative liquid wealth of the Indian affluent class is poised to grow at 50% over the next three years. The country reported the highest average salary increase of 13.8% in the Asia Pacific region in 2006, beating China (an average increase of 8%).

There is a significant transition in the national mindset. A Synovate Pan Asia Cross Media Survey indicates the following:

- 62% of the Indians are willing to pay more for better quality
- 56% of the Indians masses prefer well-known brands
- 54% purchase new products to make life more enjoyable

Rising consumerism: India is expected to graduate from the 12th largest in 2007 to the world's fifth-largest by 2025 among consumer markets. There is a subtle shift occurring in the Indian spending habit. Expenditure on lifestyle and premium goods, rather than spending on necessities, is projected to account for 70% of all consumers' spending by 2025. By 2025, urban consumers are likely to represent 37% of the population and still account for 62% of consumption (Source: McKinsey report).

India, Asia's fourth-largest economy, has grown at an average

8.6% in the past four years with the Reserve Bank forecasting expansion at 8.5% for 2008-09.

Basmati's retail acceptance: The expansion of retail stores and hypermarkets has led to a five-fold increase in the branded basmati rice market in the last four years. The share of branded basmati in total basmati consumption has seen an exceptional rise. With widespread presence of big retail chains, the consumer is increasingly turning to brands and becoming brand selective. A consumer prefers to buy an attractively packaged rice brand of superior quality as compared with loose unbranded rice. Moreover, a brand enjoys complete consumer trust built over time. Unlike packaged rice, loose rice offers scope for adulteration and price manipulation. The branded rice category is expected to grow significantly over the next three-four years.

Risks and concerns

While we expect basmati demand to continue growing and price realisations to increase reasonably in the near future, basmati prices can be subjected to periodic fluctuations.

The government has not imposed any restrictions on the export of basmati rice. However, any such measures could potentially affect market sentiments and price realisations adversely.

However, basmati not being a common man's rice, restrictions on the same are uncalled for and not expected.

The prosperity of any retail business depends upon scalability and execution. REI 6Ten has succeeded on both these counts with nearly one store establishment daily, throughout 2007-08.

The expansion of retail stores and hypermarkets has led to a five-fold increase in the branded basmati rice market in the last four years.

Health, safety and environment

The Company attaches utmost importance to safety standards at all its installations. Employee and equipment safety is ensured through regular steps and both external and internal safety audits. Mock drills help gauge emergency and disaster management preparedness. The Company invested significantly in wind energy through wind farm assets across Maharashtra, Rajasthan, Tamil Nadu and Gujarat, reflecting its environment responsibility.

Adequacy of internal controls

The Company, through internal controls, overseen by the management, aims at achieving operation efficiency, optimum resource utilisation and effective monitoring thereof and compliance with all applicable laws and regulations. The Company ensures strict adherence to all internal control policies and procedures. A qualified and independent Audit Committee of the Board, comprising all Independent Directors, reviews the adequacy of internal controls.

Human resources

The Company has a team of able and experienced professionals and believes that it will achieve substantial and diversified growth over the coming years.

Outlook

India is the international market leader in excellent rice quality. Therefore, exports are projected to rise, following recognition of its quality, superior branding, and focussed marketing with easy and greater access to the US and the European markets for agricultural products.

In spite of the uncertainty surrounding export restrictions, the future appears optimistic enough. By not banning basmati exports, the government ensured that rice farmers in Haryana, Punjab and Uttar Pradesh benefit from the preference for basmati among the world's richest consumers.

In the last few months, India's excellent economic growth has been affected by price rise of essential commodities and crude spike. Interestingly, a steady increase in household income levels moderated the impact of an economic deceleration, only marginally affecting the consumption propensity of the average Indian consumer.

While the instability is viewed as a temporary phenomenon, it is critical to maintain that relationship with buyers is not affected. As basmati is considered a luxury item, the Middle Eastern and European customers may absorb the Indian price hikes.

In the retail space, a growing domestic market ready to lap up all that is set at a price is consolidating the fortunes for organised retail, facilitated by regulative impetus and investment on the one hand, and greater purchasing power and disposable income on the other.

Food and grocery represent the most under-penetrated segment in the retail sector. With the fragmented retail space giving way to organised format, this in turn augurs well for premium basmati, enhancing demand and realisations.

REPORT ON CORPORATE GOVERNANCE



The pursuit of achieving the highest Corporate Governance practices is an ongoing process at REI Agro Limited. The Company's primary objective is to create and adhere to the corporate culture of fairness, accountability, transparency and ethical practices that are the corner stone of the long-term values of an all round performing organisation.

[A] The Company's philosophy on code of governance

REI Agro Limited is committed to good corporate governance practices. The Company's philosophy is to achieve business excellence and optimise long term shareholder value on sustained basis by ethical business conduct. The Company is committed to transparency in all its dealings and places strong emphasis on the business ethics and the Company believes that all its actions aim at maximising the shareholder value.

[B] Board of Directors

The Company is managed by the Board of Directors which formulates strategies, policies and reviews its performance periodically.

Board of Directors

The Board of Directors comprises five Directors, chaired by a Non-Executive Director. Three of the Board members are Independent Directors, four are Non-Executive and one Executive Director. The composition of the Board of Directors during the year is in conformity with the Clause 49 of the Listing Agreement. Shri Sanjay Jhunjunwala and Shri Sandip Jhunjunwala are related to each other. All the Directors are above 21 years of age.

The details of composition of the Board, other Directorship and Committee Chairmanship/membership of the Board members and their attendance at the Board meeting and Annual General Meeting of the Company are as under:

Name of the Director	Category	**No of other Directorship	No. of membership/ Chairmanship of other Board Committees	No. of Board Meetings attended	Attendance at last AGM of the Company
Shri Sanjay Jhunjunwala	Executive Chairman	-	-	1	Absent
Shri Sandip Jhunjunwala	Managing Director	2	-	9	Present
Dr ING N.K. Gupta	Independent Non-Executive Director	6	-	6	Absent
Shri A. Chatterjee	Independent Non-Executive Director	-	-	7	Present
Shri K.D. Ghosh	Independent Non-Executive Director	-	-	3	Present

** Excluding Directorship in private companies and companies defined under Section 25 of the Companies Act, 1956.

* Leave of absence was granted for not attending the meeting.

The Company's primary objective is to create and adhere to the corporate culture of fairness, accountability, transparency and ethical practices that are the corner stone of the long-term values of an all round performing organisation.

During the year ended 31st March 2008, nine Board Meetings were held on 28th May 2007, 29th June 2007, 31st July 2007, 29th August 2007, 30th October 2007, 27th November 2007, 17th December 2007, 25th January 2008 and 26th March 2008 respectively. The details of Board Meeting attended by Directors are as under:

Name of Director	Board Meeting	
	Held	Attended
Shri Sanjay Jhunjunwala	9	1*
Shri Sandip Jhunjunwala	9	9
Dr ING N.K. Gupta	9	6*
Shri A. Chatterjee	9	7*
Shri K.D.Ghosh	9	3*

* Leave of absence was granted for not attending the meeting

[C] Audit Committee

The Audit Committee comprises three Non-Executive Independent Directors. All these Directors possess knowledge of corporate finance, accounts and company law. The Chairman of the committee is an Independent and Non-Executive Director nominated by the Board. The Company Secretary of the Company acts as a Secretary to the Committee.

Terms of reference: The Audit Committee is responsible for overseeing the Company's financial reporting process; recommending the Board of Directors on the appointment, reappointment etc., and fixation of remuneration of the Statutory Auditors and Internal Auditors; reviewing with the management, annual and quarterly financial statement before

submission to the Board for approval; reviewing the management discussion and analysis of financial condition and result of operations, statement of related-party transactions, internal audit report relating to internal control weaknesses and letter of internal control weaknesses.

During 2007-08, the committee met on 28th May 2007, 29th June 2007, 31st July 2007, 30th October 2007 and 25th January 2008. The constitution and particulars of meetings attended by members of the committee are given below:

Sl. No.	Name of the Director	Status	No. of meetings attended
1.	Shri A. Chatterjee	Chairman	4*
2.	Dr. ING N. K. Gupta	Member	4*
3.	Shri K.D. Ghosh	Member	2*

* Leave of absence was granted for not attending the meeting.

[D] Remuneration of Directors

The details of remuneration paid to Directors for the year ended 31st March 2008 is as follows:

Name of the Directors	Sitting fees	Salary and perquisites	Commission
Shri Sanjay Jhunjunwala	1,500	NIL	24,00,000
Shri Sandip Jhunjunwala	NIL	35,79,219	NIL
Dr. ING N.K.Gupta	21,000	NIL	NIL
Shri A. Chatterjee	28,000	NIL	NIL
Shri K.D. Ghosh	10,000	NIL	NIL

The details of equity shares held by the non-Executive Directors are as follows:

Name of Director	No. of shares held	Nominal value of shares (Rs.)
Shri Sanjay Jhunjhunwala	4,25,020	42,50,200
Dr. ING N.K. Gupta	NIL	NIL
Shri A. Chatterjee	NIL	NIL
Shri K.D. Ghosh	NIL	NIL

[E] Shareholders'/Investors' Grievances Committee

The Company has constituted Shareholder/Investor Grievance Committee to look into and redress shareholders' and investors' complaints such as transfer of shares, non-receipt of shares, non-receipt of dividends, issue of duplicate shares, etc. The committee is comprised of Mr. K.D. Ghosh (Chairman, Independent Director) and Mr. A. Chatterjee (Member, Independent Director). During the year, no investor's complaints were received by the Company and no complaints were pending at the end of the year. During the year, two meetings of the committee were held on 31st July 2007 and 25th January 2008 respectively and the same was attended by all members. Company Secretary acted as secretary to the committee.

Name and designation of Compliance Officer (contact person)

Shri Mandan Mishra, Company Secretary.

Everest House
46C, Chowringee Road, 15th Floor R. No.15B,
Kolkata-700071
Phone no. 033-32925061/62
Fax: 033-22882241
e-mail ID - mandan@reiagro.com
website - www.reiagro.com

Share Transfer Committee and Share Transfer System

The Board of the Company has constituted a Share Transfer Committee. The committee regularly meets to approve transfer of shares and issue of duplicate share certificates. The committee comprises Mr. K.D. Ghosh (Chairman, Independent Director) and Mr. A. Chatterjee (Member, Independent Director). Company Secretary acted as secretary to the committee. Shareholders can address their request for share transfer and duplicate share certificate to Company's RTA at the below mentioned address.

8 Share Transfer cases comprising 42,907 shares were approved during the year whereas no case of duplicate issuing comprising zero shares were approved during the same period. 75,404 shares were dematerialised and 6 shares were rematerialised during the said period.

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, Kolkata-700 001.
Phone no. 033-22482248, 22435029/5089
Fax: 033-22484787

[F] General Body Meetings

Details of the last three Annual General Meetings of the Company are as under:

Venue	Financial year	Date and time
Gyan Manch, 11 Pretoria Street, Kolkata – 700 071	2004-05	24th September 2005 11.00 A.M.
Gyan Manch, 11 Pretoria Street, Kolkata – 700 071	2005-06	23rd September 2006 1:30 P.M.
Rotary Children's Welfare Trust Rotary Sadan,94/2, Chowringee Road, Kolkata-700020	2006-07	20th September 2007 11.00 A.M.

During the last three financial years the Company has passed the following Special Resolution in its AGM.

Date of resolution	Subject matter of resolutions
20th September 2007	<ul style="list-style-type: none"> Alteration of Articles of Association of the Company by altering Clause 54 of the Articles of Association of the Company.
23rd September 2006	<ul style="list-style-type: none"> Further issue of Securities under Section 81 (1A) of the Companies Act, 1956. Resolution for 'Qualified Institutional Placement'. Commence of business included in other objects of the Company.
24th September 2005	<ul style="list-style-type: none"> Increase of authorised capital from Rs. 90 crore to Rs. 120 crore comprising 8 crore equity shares of Rs. 10 each and 40 lacs preference shares Rs. 100 each. Authorisation for issue of GDR/ADR/Convertible Bonds etc, up to USD 150.00 million in foreign market and other matters relating to such issue.

There is no Special Resolution which is proposed to be conducted through postal ballot in the forthcoming Annual General Meeting.

Details of the Extra-Ordinary General Meetings held in last three financial years :

Venue	Date & Time	Resolution Passed
Gyan Manch, 11 Pretoria Street, Kolkata – 700 071	24th December, 2007 at 10.00 A.M.	Reduction of paid-up Equity Shares of the company as per the Scheme of Arrangement between REI Agro Limited and REI Six Ten Retail Limited and their respective shareholders, subject to approval of High Court of Calcutta

[G] Disclosures

(i) Related-party transactions

During the year under review, there were no transactions of material nature with the Directors or the management or the Company's subsidiary or relatives of the Directors during the financial year that could have potential conflict with the interests of the Company. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly.

(ii) Accounting treatment

During the year under review, the Company, while preparing the Financial Statement, following the Accounting Standard, so as to give true and fair view of the profits and/or losses of the Company.

(iii) Compliance by the Company

During the year, the Company complied with all the provisions of the Listing Agreement including Clause 49, SEBI notification and other matters related to Capital Market and there is no instance of non-compliance by the Company. An inspection under Section 209A of the Companies Act, was carried out by the Regional Director, eastern region and some queries were

being raised. The Company submitted its reply to the satisfaction of the authority and has taken necessary action as directed. Further, no penalty, fine or strictures have been imposed on the Company by the SEBI, stock exchange (s) or any other statutory authorities.

(iv) Whistleblower policy

The Company has not put in place the whistleblower policy as yet. However, during the year under review, no employee has been denied access to the Audit Committee or the management to report any kind of irregularity in the Company's functioning.

(v) Code of Conduct

The Board of Directors adopted a model Code of Conduct for its Directors and senior management/functional heads as required under Clause 49 of Listing Agreement. The Company has received affirmation from all the Board members and senior management personnel as to compliance of the Code of Conduct. A declaration to this effect signed by Managing Director is annexed and forms part of this Report.

(vi) Subsidiary companies

The Company does not have any subsidiaries.

[H] Means of communication

The Company timely informs its investor and statutory authorities of all the price sensitive and critical information. Quarterly results are sent to the stock exchanges on regular and timely basis and also published in English leading newspaper as well as regional language newspaper of the state where the Company is registered. The results are simultaneously posted on the EDIFAR link on SEBI's official web site www.sebigov.in. All the key information provided to the stock exchanges are regularly published in the newspapers. Important information is also displayed on the website of the Company at www.reiagro.com.

The shareholders are provided with the necessary information with notices sent for the Annual General Meeting/EGM. Any other information sought by shareholders is being provided on request. As per the requirement of Clause 47(f) of the Listing Agreement, the Company has notified an e-mail id (investorgrievance@reiagro.com) for the purpose of investor grievance and other queries of the investors.

[I] General shareholder's information

(i) AGM details

Date and time 30th September 2008, 10 a.m.

Venue The Institute of Engineers (India)
Sir R.N. Mookherjee Hall,
8, Gokhale Road,
Kolkata - 700 020

Book Closure Date 29th September 2008

(ii) Registrar and Share Transfer Agents (RTA)

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, Kolkata-700 001.
Phone no. 033-22482248, 22435029/5089
Fax: 033-22484787

(iii) Dividend

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, unclaimed dividend which remains unpaid for a period of seven years from its declaration shall be transferred to Investor Education & Protection Fund. Accordingly,

dividend for the year 2000-01 has already been transferred to the said fund. It may be noted that upon the transfer of dividend to Investor Education & Protection Fund, members lose their right to claim such dividend. Therefore, members are requested to claim their dividend for the year 2001-02 on/before the date of AGM i.e. 30th September 2008.

(iv) Financial year

The financial year of the Company starts with 1st April and ends on 31st March.

Financial Calendar (Tentative)

Sl. No.	Approval / Adoption of	on or before
1.	1st Qtr. ending 30th June, 2008	31st July, 2008
2.	Half Year ending 30th September, 2008	31st October, 2008
3.	3rd Qtr. ending 31st December, 2008	31st January, 2009
4.	Year ending March, 2009	30th June, 2009
5.	next Annual General Meeting	30th September, 2009

(v) Listing at stock exchanges

The equity shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Further, FCCBs and GDRs issued by the Company are listed on Singapore Stock Exchange (SGX) and London Stock Exchange (LSE) respectively in compliance with statutory requirements.

The Company has paid the listing fees to BSE and NSE and no other due are payable by the Company to any stock exchange.

Stock Code

BSE Code: 532106 **NSE Code:** REIAGRO
LSE Code: REAA & REA **SGX Code:** 7AUB &
XS0223920421 (ISIN Code)

(vi) Market Price Data

The monthly high and low prices of the equity shares of the Company at the National Stock Exchange and the Bombay Stock Exchange during 2007-2008 are as follows:

Month	BSE		NSE	
	High price (Rs.)	Low price (Rs.)	High price (Rs.)	Low price (Rs.)
April 2007	213.00	131.75	218.00	132.20
May 2007	207.95	146.00	208.65	165.00
June 2007	237.70	186.10	244.00	187.00
July 2007	222.90	195.00	226.00	195.50
August 2007	349.00	192.10	349.95	193.25
September 2007	609.60	313.00	607.95	302.00
October 2007	851.70	487.15	845.05	476.20
November 2007	845.00	730.00	840.00	729.75
December 2007	819.80	681.55	816.20	679.00
January 2008	1,059.30	809.00	1,057.10	805.00
February 2008	1,530.35	1,008.00	1,526.85	1,015.10
March 2008	1,520.00	1,262.85	1,525.00	1,237.80

(vii) Performance in comparison to stock indices

A chart showing the performance of equity shares of the Company in comparison to BSE Sensex also with NSE Nifty during the year ended on 31st March 2008 is given as under.

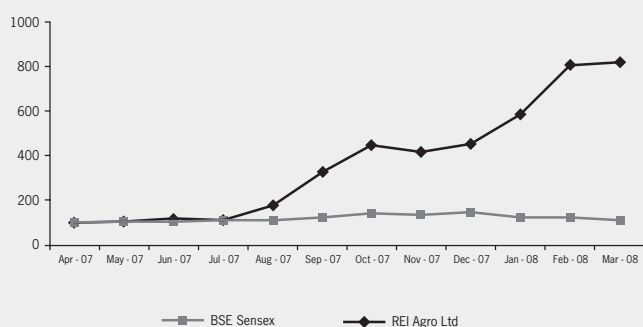


Chart one: Both BSE Sensex and REI Agro Share prices are indexed to 100 based on April 2007 closing prices.

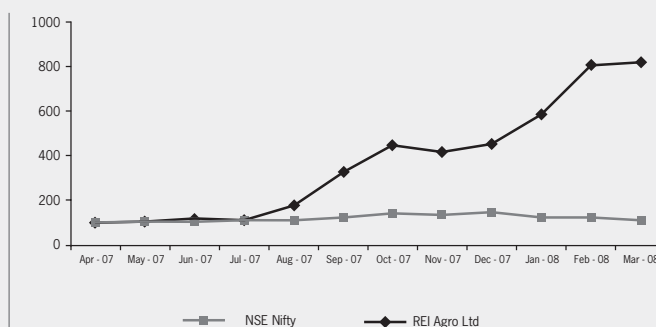


Chart two: Both NSE Nifty and REI Agro Share prices are indexed to 100 based on April, 2007 closing prices.

(viii) Distribution of shareholding

The shareholding distribution of equity shares as on 31st March 2008 is given below:

Sl. No.	No. of equity shares held	No. of shares	Percentage of shareholding
1.	1 to 500	1,27,569	0.2648
2.	501 to 1,000	63,581	0.132
3.	1,001 to 2,000	46,507	0.0965
4.	2,001 to 3,000	36,175	0.0751
5.	3,001 to 4,000	29,982	0.0622
6.	4,001 to 5,000	28,924	0.06
7.	5,001 to 10,000	5,51,105	1.144
8.	10,000 and above	4,72,87,887	98.1652
	Total	4,81,71,730	100.00

(ix) Shareholding pattern of the Company as on 31st March 2008

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	7	9,70,290	9,70,290	2.157	2.0142
(b)	Central Government/State Government(s)	NIL	NIL	NIL	NIL	NIL
(c)	Bodies Corporate	7	1,66,64,790	1,66,64,790	37.0471	34.5945
(d)	Financial institutions/banks	NIL	NIL	NIL	NIL	NIL
(e)	Any other (specify)	NIL	NIL	NIL	NIL	NIL
	Sub-total (A)(1)	14	1,76,35,080	1,76,35,080	39.2041	36.6088
(2)	Foreign					
(a)	Individuals (Non-resident individuals/ foreign individuals)	NIL	NIL	NIL	NIL	NIL
(b)	Bodies Corporate	NIL	NIL	NIL	NIL	NIL
(c)	Institutions	NIL	NIL	NIL	NIL	NIL
(d)	Any other (specify)	NIL	NIL	NIL	NIL	NIL
	Sub-total (A)(2)	NIL	NIL	NIL	NIL	NIL
	Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	14	1,76,35,080	1,76,35,080	39.2041	36.6088

(ix) Shareholding pattern of the Company as on 31st March 2008 (Contd.)

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(B)	Public shareholding					
(1)	Institutions					
(a)	Mutual Funds/UTI	NIL	NIL	NIL	NIL	NIL
(b)	Financial institutions/banks	NIL	NIL	NIL	NIL	NIL
(c)	Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL
(d)	Venture Capital Funds	NIL	NIL	NIL	NIL	NIL
(e)	Insurance companies	NIL	NIL	NIL	NIL	NIL
(f)	Foreign institutional investors	33	46,75,076	46,75,076	10.393	9.705
(g)	Foreign venture capital investors	NIL	NIL	NIL	NIL	NIL
(h)	Any other (specify)	NIL	NIL	NIL	NIL	NIL
	Sub-total (B)(1)	33	46,75,076	46,75,076	10.393	9.705
(2)	Non-institutions					
(a)	Bodies Corporate	256	1,15,40,403	1,15,40,403	25.6522	23.9568
(b)	Individuals -					
	i. Individual shareholders holding nominal share capital up to Rs. 1 lac	2,105	8,06,883	2,35,943	1.7938	1.675
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lac	17	90,82,159	89,02,159	20.1903	18.8537
(c)	Any other-NRIs	31	12,43,129	63,929	2.7636	2.5806
	Sub-total (B)(2)	2,409	2,26,72,574	2,07,42,334	50.4028	47.0661
	Total public Shareholding (B)= (B)(1)+(B)(2)	2,442	2,73,47,650	2,54,17,410	60.7959	56.7712
	TOTAL (A)+(B)	2,456	4,49,82,730	4,30,52,490	100	93.3779
(C)	Shares held by custodians and against which depository receipts have been issued					
		1	31,89,000	31,89,000	-	6.6201
	Grand total (A)+(B)+(C)	2,457	4,81,71,730	4,62,41,490	-	100

(viii) Dematerialisation of shares and liquidity

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the depository systems in India - NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services (India) Ltd.). The International Securities Identification Number (ISIN) allotted to the Company's equity shares under depository system is **INE385B01015**.

NSDL/CDSL/Physical Summary Report as on 31st March 2008

		Holders	No. of shares	% of shareholding
1.	Physical	140	19,30,240	4.007
2.	NSDL	1,856	3,31,84,126	68.8871
3.	CDSL	461	1,30,57,364	27.1059
Total		2457	4,81,71,730	100

(x) Outstanding GDRs and convertible instruments

The Company had, during the financial year 2005, issued 3,220 of 1.5% Foreign Currency Convertible Bonds (FCCBs) worth USD10,000 each aggregating USD32.2 million to overseas investors. These outstanding bonds are due for redemption on 8th July 2010. As on 31st March 2008, the entire 3,220 bonds stand converted into equity shares.

Date of conversion	No. of bonds converted	Equivalent no. of equity shares allotted on conversion*
24.08.2005	25	67,515
26.09.2005	500	13,50,310
22.10.2005	100	2,70,062
12.11.2005	1	2,700
11.12.2006	75	2,70,061
13.12.2006	250	9,00,207
29.12.2006	200	7,20,165
25.01.2007	50	1,80,041
29.01.2007	250	9,00,207
05.02.2007	840	30,24,695
10.03.2007	25	90,020
8.05.2007	400	14,40,331
8.05.2007	279	10,04,631
8.05.2007	50	1,80,041
16.07.2007	115	4,14,095
8.11.2007	60	2,16,049

* Conversion rate of bonds was fixed at Rs. 161 per share that was later revised to Rs. 120.75 per share as per the terms of offer circular.

GDRs:

The Company had also issued 37,70,000 global depository receipts (GDRs) at a price of USD8 each aggregating USD30.16 million. Each GDR represents two equity shares; consequently the Company issued 75,40,000 underlying

equity shares to the depository bank. The Company has not been reported as to the receipt of request for redemption of GDRs and releasing of underlying shares in favour of non-resident investor. As on 31st March 2008, 1,594,500 were outstanding.

(xi) Plant locations (manufacturing units)

- (1) Plot no. 691 Sector 2, 94.8, K.M. Mile Stone, Delhi-Jaipur Road, NH-8, Bawal Growth Centre, Distt. Rewari, Haryana.
- (2) Plot no 180D,E, F, G, H, I, J, &181A, Sector -3, 94.8 KM Milestone, Delhi-Jaipur Road, Bawal Growth Centre, Distt. Rewari, Haryana.

Wind mills

- (1) Village: Soda-Mada, Dist. Jaisalmer, Rajasthan.
- (2) Village: Dhulia, Titane & Brahmanwel, Dist. Dhule, Maharashtra.
- (3) Village: Udyathur, Radhapuram, Muppandal, Tamil Nadu
- (4) Village: Surajbari, Dist. Kutch Gujarat

Address for correspondence

Shareholders may address all their correspondence at the below mentioned address.

Registered office: Everest House, 46C, Chowringee Road, 15th Floor R. No.15B, Kolkata-700071.

Corporate office: 58A/1, Sainik Farm, New Delhi-110062.

Shareholders are requested to notify immediately any change in their address, bank mandate and nomination to the Company. Members holding shares in electronic form are requested to notify any change in address and bank details, nominations etc. to the depository participants (DP) with whom they are having account for effecting necessary updations. Any intimation made to the Company without effecting the necessary updations with the depository participants will not be considered.

For and on behalf of the Board of Directors

A. Chatterjee **Sandip Jhunjhunwala**
Director *Managing Director*

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE

CEO's Certification as to Compliance with Code of Conduct

The Company had adopted a model Code of Conduct that has been made effective from 1st January 2006. The said Code of Conduct is applicable and binding on the Directors and Senior Management Personnel/ Functional Heads of the Company. During the year under review, all the Directors and Senior Management Personnel/ Functional Heads of the Company have affirmed as to compliance with the said Code. Further, no instance of non-compliance with any part of the Code of Conduct has been reported by any of its Directors or Senior Management Personnel/Functional Heads.

For and on behalf of the Board of Directors

Sandip Jhunjhunwala
Managing Director

CORPORATE GOVERNANCE CERTIFICATE

On Compliance of Clause 49 of the Listing Agreement

To the Members of
REI Agro Limited

We have examined the compliance of conditions of Corporate Governance by M/s REI AGRO LIMITED ("the Company") for the year ended on 31st March, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit for an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We have been explained that no investor grievance are pending for a period exceeding one month as at 31st March 2008 against the Company.

We further state such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **A. K. Labh & Co.**
Company Secretaries

(A. K. Labh)
Proprietor
C.P. 3238

Place : Kolkata
Dated: 31st July 2008

FINANCIAL SECTION

Auditors' Report

To the Members of
REI AGRO LIMITED

1. We have audited the attached Balance Sheet and Profit & Loss Account of **REI AGRO LIMITED** as at 31st March 2008 also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such check as we considered appropriate and according to the information and explanation given to us we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - 1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
 - 2) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date, and
 - 3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **P. K. Lilha & Co.**
Chartered Accountants

CA P. K. Lilha
Partner

Place: Camp at New Delhi
Date: 30th June 2008

Membership No.: 11092

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- i. In respect of its Fixed Assets:
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets, is being physically verified in the phased manner by the management in accordance with a program of verification covering all the fixed assets over a period of three years, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The Company has not disposed any substantial part of its fixed assets during the year, which may have any impact on the going concern nature of the Company.
- ii) In respect of its Inventories:
- a) As explained to us the Inventories have been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of Inventories as compared to the book records.
- iii) The Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, accordingly the provisions of other sub – clauses are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lacs have been entered during the year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public during the year. Hence the provisions of clause 4 (vi) of the order are not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii) We have broadly reviewed the Books of Accounts maintained by the Company in respect of generation of electricity from wind power where pursuant to the rules made by the Central Government of India, the maintenance of Cost Records have been prescribed U/s 209(1)(d) of the Act and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) a) According to the record of the Company, undisputed statutory dues including Provident fund, Employee's State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales tax, Custom Duty, Excise, Cess and any other material statutory dues have been generally regularly deposited with the appropriate authorities during the year.
- b) No undisputed amounts payable were outstanding at

the year end, for a period of more than six months from the date they became payable.

- c) There are no amounts in respect of statutory dues or that have not been deposited with the appropriate authorities on account of any disputes other than those mentioned below: -

Name of the Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where Dispute is pending
Haryana Sales Tax Act	Local Sales tax	Rs. 51.34 for which third parties bonds have been executed.	1997-98	Sales Tax Tribunal
Haryana LADT Act	LADT	Rs. 10.23 Lacs	2003-04	Sales Tax Joint Commissioner

- x) The Company has no accumulated losses as at the end of the year and it has not incurred cash losses during the current and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to any financial institution, or Bank, or debenture holders.
- xii) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion the Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society. Therefore the provisions of Clause (xiii) of Paragraph 4 of the order are not applicable to the Company.
- xiv) The Company has in our opinion maintained proper records and contracts with respect to its investments where timely entries & transactions are made in the former. All investments at the close of the year are held in the name of the Company.
- xv) According to the information and explanations given to us there is no guarantee given by the Company for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any secured debentures during the year; hence the question of charge does not arise.
- xx) The Company has not raised any money through public issue during the year.
- xxi) No fraud on or by the Company was noticed or reported during the course of our audit.

For **P. K. Lilha & Co.**
Chartered Accountants

CA P. K. Lilha
Partner

Place: Camp at New Delhi
Date: 30th June 2008

Membership No.: 11092

Balance Sheet as at 31st March 2008

(Amount in Rupees)

	Schedules	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
Shareholders' funds			
Share Capital	1	88,17,17,300	84,91,65,830
Reserves & Surplus	2	4,88,75,38,886	3,77,22,85,193
		5,76,92,56,186	4,62,14,51,023
Loan Funds			
Secured Loans	3	20,36,87,17,230	10,34,02,38,728
Unsecured Loans	4	2,79,84,00,741	2,57,27,62,827
		23,16,71,17,971	12,91,30,01,555
Deferred Tax Liability (Net)		92,56,60,928	69,40,97,636
Total		29,86,20,35,085	18,22,85,50,214
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross Block	5	4,74,46,11,171	3,37,33,68,080
Less : Depreciation		57,82,64,457	37,20,01,133
Net Block		4,16,63,46,714	3,00,13,66,947
Capital Work-in-Progress (Pending allocation)	6	31,42,91,072	69,93,72,446
		4,48,06,37,786	3,70,07,39,393
Investment	7	1,03,79,27,282	58,27,282
Current Assets, Loans and Advances			
Inventories	8	16,82,14,06,224	9,27,61,41,498
Sundry Debtors	9	4,01,91,52,827	4,55,80,43,973
Cash & Bank Balances	10	15,96,04,668	4,62,95,364
Loans & Advances	11	4,29,28,90,876	1,23,85,63,690
		25,29,30,54,595	15,11,90,44,525
Less: Current Liabilities and Provisions	12	94,95,84,578	59,70,60,986
		94,95,84,578	59,70,60,986
Net Current Assets		24,34,34,70,017	14,52,19,83,539
Total		29,86,20,35,085	18,22,85,50,214
Significant Accounting Policies	20		
Notes on Accounts	21		

In terms of our attached report of even date

For **P. K. Lilha & Co.**
Chartered Accountants

For and on behalf of the Board

CA P. K. Lilha
Partner
Membership No. 11092

Sandip Jhunhunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary

Place : New Delhi
Dated : 30th June 2008

Profit and Loss Account for the year ended 31st March 2008

(Amount in Rupees)

	Schedules	Year ended 31.03.2008	Year ended 31.03.2007
INCOME			
Sales	13	18,53,75,90,520	10,85,14,89,416
Other Income	14	3,68,65,938	19,04,043
		18,57,44,56,458	10,85,33,93,459
EXPENDITURE			
Materials consumed & Purchase of Goods	15	14,94,04,11,691	7,31,16,16,127
(Increase)/Decrease of Inventory	16	(1,16,83,40,699)	86,29,40,217
Manufacturing, Administrative & Selling Expenses	17	1,51,97,30,950	69,03,75,459
Interest	18	1,77,40,56,230	77,24,64,796
Depreciation		20,67,46,623	15,55,69,712
		17,27,26,04,795	9,79,29,66,311
Profit Before Taxation		1,30,18,51,663	1,06,04,27,148
Provision for Income Tax		20,75,00,000	15,42,93,924
Provision for Fringe Benefit Tax		16,80,000	10,68,693
Income Tax for Earlier Year		15,00,875	(57,33,446)
Profit After Taxation		1,09,11,70,788	91,07,97,977
Add: - Balance Brought Forward		18,91,98,886	7,38,91,753
Amount Available for Appropriation		1,28,03,69,674	98,46,89,730
Less: - Interim Dividend on Equity Share		-	6,72,39,845
Less: - Dividend Tax on Interim Dividend		-	94,30,388
Less: - Proposed Dividend		8,82,57,595	1,60,00,000
Less: - Dividend Tax		1,50,00,000	27,19,200
Less: - Short Provision for Dividend & Dividend Tax		-	1,01,411
Less: - Transfer to General Reserve		94,22,88,004	70,00,00,000
Balance Carried to Balance Sheet		23,48,24,075	18,91,98,886
Earning Per Share	19		
- Basic (Rs.)		22.50	22.30
- Diluted (Rs.)		22.50	20.62
Significant Accounting Policies	20		
Notes on Accounts	21		

In terms of our attached report of even date

For **P. K. Lilha & Co.**
Chartered Accountants

For and on behalf of the Board

CA P. K. Lilha
Partner
Membership No. 11092

Sandip Jhunjunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary

Place : New Delhi
Dated : 30th June 2008

Cash Flow Statement for the year ended 31st March 2008

(Amount in Rupees)

	Year ended 31.03.2008	Year ended 31.03.2007
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit for the year before Income Tax	1,30,18,51,663	1,06,04,27,148
Adjustments:		
Depreciation	20,67,46,623	15,55,69,712
Interest expense	1,77,40,56,230	77,24,64,796
Dividend Income	(1,32,638)	(1,63,192)
Interest Income	(26,93,510)	-
Loss on Sale of Fixed Assets	62,701	10,57,218
Operating profit before changes in working capital	3,27,98,91,069	1,98,93,55,682
Changes in:		
Inventories	(7,54,52,64,726)	(3,31,52,20,395)
Sundry Debtors	53,88,91,146	(2,17,28,58,445)
Loans & Advances	(3,00,94,89,560)	(83,34,13,299)
Sundry Creditors	21,25,63,876	3,01,36,072
Cash generated from operations	(6,52,34,08,195)	(4,30,20,00,385)
Less : Income Tax Paid	20,17,01,119	16,11,61,545
Net Cash used in Operating Activities	(6,72,51,09,314)	(4,46,31,61,930)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,37,21,93,090)	(64,79,58,864)
Capital Work in Progress	38,50,81,374	(14,02,72,193)
Sale of Fixed Assets	4,04,000	8,55,000
Dividend Received	1,32,638	1,63,192
Interest Received	26,93,510	-
Investments in Shares	(1,03,21,00,000)	-
Net Cash used in investing activities	(2,01,59,81,568)	(78,72,12,865)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	59,09,56,466	1,14,81,18,603
Proceeds from short term borrowings	9,43,75,22,036	3,21,13,23,444
Proceeds from unsecured loans	61,86,97,114	1,75,58,48,221
Refund of FCCB/GDR expenses	-	35,90,104
Interest Paid	(1,77,40,56,230)	(77,24,64,796)
Dividend & Dividend Tax Paid	(1,87,19,200)	(9,39,60,503)
Net Cash from financing activities	8,85,44,00,186	5,25,24,55,073
Net Increase/(Decrease) in Cash and Cash Equivalents	11,33,09,304	20,80,278
Cash and Cash Equivalents (Opening Balance)	4,62,95,364	4,42,15,086
Cash and Cash Equivalents (Closing Balance)	15,96,04,668	4,62,95,364

Notes:

- 1) The above Cash Flow Statement has been prepared using the Indirect Method set out in Accounting Standard (AS)-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- 2) Figures in Bracket indicate Cash outflows.
- 3) Previous Year's figures have been reclassified to conform with current year's presentation.

In terms of our attached report of even date

For **P. K. Lilha & Co.**
Chartered Accountants

For and on behalf of the Board

CA P. K. Lilha
Partner
Membership No. 11092

Sandip Jhunjhunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary

Place : New Delhi
Dated : 30th June 2008

Schedules forming part of the accounts

(Amount in Rupees)

	As at 31.03.2008	As at 31.03.2007
1 SHARE CAPITAL		
Authorised		
8,00,00,000 (8,00,00,000) Equity Shares of Rs. 10/- each	80,00,00,000	80,00,00,000
40,00,000 (40,00,000) Preference Share of Rs. 100/- each	40,00,00,000	40,00,00,000
	1,20,00,00,000	1,20,00,00,000
Issued, Subscribed and paid up		
4,81,71,730 (4,49,16,583) Equity Shares of Rs. 10/- each fully paid up	48,17,17,300	44,91,65,830
Of the above:-		
a) 1,48,00,300 Equity Shares issued as fully paid up Bonus Share by Capitalisation of General Reserve in 2003-04		
b) 32,55,147 (60,85,396) Equity Shares issued during the year against conversion of 904 (1690) FCCBs of USD 10,000 each.		
4,000,000 (4,000,000) 4% Non-Convertible Redeemable Preference Shares of Rs. 100/- each fully paid up in Cash (Refer note no.1 of Schedule 21)	40,00,00,000	40,00,00,000
	88,17,17,300	84,91,65,830

2 RESERVES & SURPLUS		
Securities Premium		
As per last year	1,92,37,70,373	1,43,77,63,576
Add: During the year	36,05,07,730	67,39,58,040
Less: Deferred Tax (Refer note no.2 of Schedule 21)	23,15,63,292	19,15,41,347
Add/(less): GDR & FCCB refund/ (expenses)	-	35,90,104
	2,05,27,14,811	1,92,37,70,373
General Reserve		
As per last year	1,65,93,15,934	95,93,15,934
Less: Deduction on account of adoption of Accounting Standard 15 'Employees Benefits' (referred to in note no. 8 of Schedule 21)	(16,03,938)	-
Add: Transferred from Profit and Loss Account	94,22,88,004	70,00,00,000
	2,60,00,00,000	1,65,93,15,934
Profit and Loss Account (As per Annexed Accounts)	23,48,24,075	18,91,98,886
	4,88,75,38,886	3,77,22,85,193

Schedules forming part of the accounts

(Amount in Rupees)

	As at 31.03.2008	As at 31.03.2007
3 SECURED LOANS		
A. Long Term Loan		
Term Loans		
United Bank of India	11,25,00,000	16,25,00,000
(Secured by creation of a pari passu first charge on Fixed Assets of Rice Division both present and future and by second charge on hypothecation of stock of Rice, Paddy, Book-debts & Stores etc. of Rice Division both present & future on a pari passu basis with consortium of Banks)		
Amount due within one year Rs. 500 lacs (Previous Year Rs. 500 Lacs)		
Indian Renewable Energy Development Agency (IREDA)	46,53,61,000	25,84,76,000
(Secured by first charge on 5 WTGs at Jaisalmer (Suzlon make), Rajasthan and and WTGs (Suzlon Make) at Dhule, Maharashtra and Sundry Debtors thereon and personal guarantee of some of the directors.)		
Amount due within one year Rs. 640.40 (Previous Year Rs. 468.40 Lacs)		
Allahabad Bank	2,24,70,000	2,93,90,000
(Secured by creation of first charge on 1 WTG (Suzlon make) at Jaisalmer, Rajasthan and Sundry Debtors thereon.)		
Amount due within one year Rs. 69.20 Lacs (Previous Year Rs. 69.20 Lacs)		
Infrastructure Development Finance Company Limited	70,75,72,500	75,96,00,000
(Secured by creation of first charge on 6 WTG's (NEG Make) at Dhule, Maharashtra and 12WTGs (Vestas RRB make) at Tirunelveli, Tamilnadu and Sundry Debtors thereon)		
Amount due within one year Rs. 569.70 Lacs (Previous Year Rs. 520.28 Lacs)		
External Commercial Borrowing (ICICI Bank, Hong Kong Branch)	38,10,51,637	–
(Secured by creation of first charge on 17 WTGs (Vestas RRB Make) at Surajbari, Gujarat and Sundry Debtors thereon)		
Amount due within one year Rs. 692.82 Lacs (Previous Year Rs. Nil)		
Kotak Mahindra Bank (Secured against Mobile Vans)	67,23,886	–
Amount due within One year Rs. 23.21 Lacs (Previous Year Rs. Nil)		
Interest Accrued and Due	13,94,239	2,24,758
	1,69,70,73,262	1,21,01,90,758
Corporate Loans		
Bank of Maharashtra	25,00,00,000	25,00,00,000
Corporation Bank	16,60,00,000	22,20,00,000
State Bank of Indore	20,00,00,000	20,00,00,000
State Bank of Bikaner & Jaipur	14,00,00,000	18,00,00,000
State Bank of Mysore	20,00,00,000	–
(Secured by creation of a pari passu first charge on Fixed Assets of Rice Division both present and future and by second charge on hypothecation of stock of Rice, Paddy, Book-debts & Stores etc. of Rice Division both present & future on pari passu basis first charge being with consortium of Banks)		
Amount due within one year Rs. 960.00 Lacs (Previous Year Rs. Nil)		
Interest Accrued and Due on Above	38,04,807	37,30,845
	95,98,04,807	85,57,30,845
B. Short Term Loan from Banks		
Cash Credit/ Packing Credit/Working Capital facilities		
i) Rupee denominated Loan	17,12,82,39,896	6,87,90,51,298
ii) Foreign Currency denominated Loan	16,84,51,112	1,38,71,84,629
(Secured by creation of first charge on pari passu basis on hypothecation of stocks of Rice, Paddy, Book Debts & Stores etc. both present & future (except Power Division and retail division) and by second charge on all Fixed Assets both present and future of rice division)		
Commercial Paper	40,00,00,000	–
(Secured by earmarking of working capital limits)		
Maximum balance outstanding during the year Rs. 275 Crores (Previous Year Rs. 200 crores)		
Interest accrued and due on above	1,51,48,153	80,81,198
	17,71,18,39,161	8,27,43,17,125
	20,36,87,17,230	10,34,02,38,728

Schedules forming part of the accounts

(Amount in Rupees)

		As at 31.03.2008	As at 31.03.2007
4	UNSECURED LOANS		
A. Long Term Loan			
i)	From a Body Corporate	–	25,97,03,627
	Amount payable within one year Rs. Nil (Previous Year Rs.1038.24 Lacs)		
ii)	Foreign Currency Convertible Bonds (Refer note no. 3 of Schedule 21)	–	39,30,59,200
iii)	From Banks	79,50,00,000	42,00,00,000
B. Short Term Loan			
	Redeemable Non Convertible Debentures Issued to Financial Institutions	2,00,00,00,000	1,50,00,00,000
	Interest Accrued & Due	34,00,741	–
		2,79,84,00,741	2,57,27,62,827

5 FIXED ASSETS										
Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2007	Additions	Deductions	As on 31.03.2008	As on 01.04.2007	For the year	Deductions	As on 31.03.2008	As on 31.03.2008	As on 31.03.2007
Freehold Land	5,94,11,205	1,02,00,000	–	6,96,11,205	–	–	–	–	6,96,11,205	5,94,11,205
Lease Hold Land	2,71,20,000	–	–	2,71,20,000	19,32,968	11,60,589	–	30,93,557	2,40,26,443	2,51,87,032
Building	32,58,29,478	8,57,45,194	–	41,15,74,672	4,01,02,722	1,23,22,475	–	5,24,25,197	35,91,49,475	28,57,26,756
Plant & Machinery	1,08,07,40,595	23,32,65,828	9,50,000	1,31,30,56,423	15,58,88,194	6,29,20,595	4,83,299	21,83,25,490	1,09,47,30,933	92,48,52,401
Windfarm Generators	1,85,06,36,383	52,24,33,161	–	2,37,30,69,544	16,43,18,964	11,85,71,995	–	28,28,90,959	2,09,01,78,585	1,68,63,17,419
Office Equipment	23,33,576	2,53,43,617	–	2,76,77,193	4,03,665	3,52,049	–	7,55,714	2,69,21,479	19,29,911
Tubewells	4,68,850	–	–	4,68,850	1,36,418	22,270	–	1,58,688	3,10,162	3,32,432
Computers	1,22,34,138	6,59,64,203	–	7,81,98,341	57,23,227	40,01,434	–	97,24,661	6,84,73,680	65,10,911
Vehicles	1,00,09,680	93,88,479	–	1,93,98,159	23,13,752	12,01,913	–	35,15,665	1,58,82,494	76,95,928
Furniture & Fixtures	45,84,175	41,98,52,609	–	42,44,36,784	11,81,223	61,93,303	–	73,74,526	41,70,62,258	34,02,952
Total	3,37,33,68,080	1,37,21,93,090	9,50,000	4,74,46,11,171	37,20,01,133	20,67,46,623	4,83,299	57,82,64,457	4,16,63,46,714	3,00,13,66,947
Previous Year	2,72,79,18,627	64,79,58,864	25,09,411	3,37,33,68,080	21,70,28,614	15,55,69,712	5,97,193	37,20,01,133	3,00,13,66,947	

		As at 31.03.2008	As at 31.03.2007
6	CAPITAL WORK IN PROGRESS		
A)	Purchase of Fixed Assets	3,55,54,664	9,20,95,573
B)	Advance against Capital Expenditures	25,39,41,309	59,92,14,866
C)	Expenditures during Construction period	2,47,95,099	80,62,007
		31,42,91,072	69,93,72,446

7 INVESTMENTS					
Long Term Investments - Non Trade (Equity Shares of Companies, fully paid up)					
Quoted					
No of Shares	Company	Face Value per Share			
35000	Allahabad Bank	Rs.10		28,70,000	28,70,000
10000	Jyoti Structure Limited	Rs.2		5,46,155	5,46,155
398	Punjab National Bank	Rs.10		1,55,220	1,55,220
5500	Reliance Capital Limited	Rs.10		22,55,907	22,55,907
				58,27,282	58,27,282
Unquoted					
5160500	Varrsana Ispat Limited	Rs.10		1,03,21,00,000	–
				1,03,79,27,282	58,27,282
Aggregate Book Value of Investments					
Quoted				58,27,282	58,27,282
Unquoted				1,03,21,00,000	–
				1,03,79,27,282	58,27,282
Market Value of Quoted Investments				1,12,37,480	81,10,632

Schedules forming part of the accounts

(Amount in Rupees)

	As at 31.03.2008	As at 31.03.2007
8 INVENTORIES (As taken, valued & Certified by the Management)		
Raw materials	13,75,07,22,458	7,37,81,25,309
Finished Goods	3,05,01,14,998	1,88,17,74,299
Stores, Spares & Packing Materials etc.	2,05,68,768	1,62,41,890
	16,82,14,06,224	9,27,61,41,498

9 SUNDRY DEBTORS (Unsecured, Considered Good)		
Debts Due for a period exceeding six months	2,09,36,803	2,46,31,456
Others debts	3,99,82,16,024	4,53,34,12,517
	4,01,91,52,827	4,55,80,43,973

10 CASH & BANK BALANCES		
Cash in Hand (As certified)	3,52,32,891	25,74,382
Balance with Scheduled Banks		
- In Current Accounts	3,80,22,575	4,07,93,112
- In Fixed Deposits	8,63,12,532	28,91,200
- Interest Accrued on Fixed Deposits	36,670	36,670
	15,96,04,668	4,62,95,364

11 LOANS & ADVANCES (Unsecured, Considered Good)		
(Recoverable in cash or in kind or for value to be received)		
Advances to suppliers & others	3,97,14,34,532	1,03,29,24,512
Deposits	6,53,04,324	1,50,81,698
Income tax payments	20,37,92,725	15,60,40,834
Vat /Excise /DEPB etc. receivable	4,47,70,692	2,72,41,615
Interest Receivable	2,85,112	-
Income Tax Refundable	73,03,491	72,75,031
	4,29,28,90,876	1,23,85,63,690

12 CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Acceptances	4,99,23,177	-
Sundry Creditors		
For Goods supplied, Services & Expenses	29,02,91,850	29,54,88,957
For Capital Expenditure	5,63,79,844	2,15,53,880
For Other Liability	15,23,74,344	2,52,87,021
For Investor Education & Protection Fund (Unclaimed Dividend)	18,16,755	32,32,607
Interest accrued but not due	7,54,33,102	7,46,36,606
	62,62,19,072	42,01,99,071
B) Provisions		
For Taxation	20,75,00,000	15,42,93,924
For Fringe Benefit Tax	16,80,000	10,68,693
For Gratuity & Leave Encashment	1,09,27,911	27,80,098
For Proposed Dividend	8,82,57,595	1,60,00,000
For Dividend Tax	1,50,00,000	27,19,200
	32,33,65,506	17,68,61,915
	94,95,84,578	59,70,60,986

Schedules forming part of the accounts

(Amount in Rupees)

	Year ended 31.03.2008	Year ended 31.03.2007
13 SALES		
Sale of Goods	18,32,43,75,739	10,61,10,56,646
Export Incentives	2,96,63,313	1,51,96,953
Sale of Power/Energy	18,35,51,468	22,52,35,817
	18,53,75,90,520	10,85,14,89,416
14 OTHER INCOME		
Dividend on Long Term Investment	1,32,638	1,63,192
Foreign Exchange Fluctuation	2,30,68,201	31,081
Interest Received	26,93,510	-
Misc. Receipts	1,09,71,589	17,09,770
	3,68,65,938	19,04,043
15 INCREASE/(DECREASE) IN INVENTORY		
Opening Stock of Finished Goods	1,88,17,74,299	2,74,47,14,516
Closing Stock of Finished Goods	3,05,01,14,998	1,88,17,74,299
	1,16,83,40,699	(86,29,40,217)
16 MATERIALS CONSUMED & PURCHASE OF GOODS		
A) Raw Material Consumed		
Opening Stock	7,37,81,25,309	3,20,12,43,860
Purchases	18,16,43,01,418	10,85,30,22,190
Less - Closing Stock	13,75,07,22,458	7,37,81,25,309
	11,79,17,04,269	6,67,61,40,741
B) Purchase of Goods	3,14,87,07,422	63,54,75,386
	14,94,04,11,691	7,31,16,16,127
17 MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Stores, Spares & Packing Material Consumed (100% indigeneous)	37,07,34,782	18,43,38,029
Power & Fuel	12,32,78,170	8,30,58,356
Salary, Wages & Bonus	22,82,67,998	8,57,35,178
Contribution to Provident Fund & Other Funds	1,29,56,391	41,75,541
Staff Welfare	97,25,140	19,85,849
Security Charges	2,53,81,732	60,68,161
Hire Charges	22,70,493	13,23,055
Repairs & Maintenance		
- Plant & Machinery	1,82,52,340	42,85,562
- Buildings	6,10,454	2,36,142
- Windfarms	2,08,21,877	1,32,050
- Others	36,94,515	18,90,341
Rent	8,17,26,986	63,72,814
Rates & Taxes	24,27,217	70,843
Key Man Insurance	5,82,307	12,04,931
Insurance	1,47,88,809	1,04,07,200
ECGC Premium	49,26,447	17,57,812
Bank Charges	56,35,459	50,40,893
Postage & Telephone	93,71,604	29,68,424
Auditors' Remuneration	12,32,724	9,06,920
Directors' Remuneration	56,40,000	31,20,000
Directors' Fees	60,500	40,500
Filing Fees	53,722	23,344
Travelling & Conveyance	1,50,67,471	80,04,874
Miscellaneous Expenses	8,00,72,894	2,53,23,894
Carriage Outward, Freight & Clearing Charges	44,62,77,164	23,10,11,283
Advertisement	43,24,285	6,42,521
Brokerage & Selling Expenses	1,91,81,779	38,85,905
VAT / Sales Tax	1,23,04,989	1,53,07,819
Loss on sale of Fixed Assets	62,701	10,57,218
	1,51,97,30,950	69,03,75,459

Schedules forming part of the accounts

(Amount in Rupees)

	Year ended 31.03.2008	Year ended 31.03.2007
18 INTEREST		
- On Term Loans	24,26,83,515	12,78,55,270
- On Debentures	22,02,31,228	7,12,17,982
- On Other Loans	1,31,11,41,487	57,33,91,544
	1,77,40,56,230	77,24,64,796

19 EARNING PER SHARE: (EPS)		
Net Profit after tax as per Profit and Loss Account	1,09,11,70,788	91,07,97,977
Less: Preference Shares Dividend and Dividend Tax thereon (Rs.)	1,87,19,200	1,87,19,200
Net Profits after tax available to Equity Share Holders (Rs.)	1,07,24,51,588	89,20,78,777
Weighted Average No of Equity Shares used as denominators for calculating EPS	4,76,55,976	4,32,67,456
Earning per Share (Basic & Diluted) (Rs.)	22.50	20.67
Face Value per Equity Shares (Rs.)	10.00	10.00

20 SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements:

The financial statements have been prepared and presented under the historical cost convention using the accrual basis of accounting and comply with all mandatory accounting standards as specified in the Companies (Accounting Standard) Rules 2006 and the relevant provisions of Companies Act, 1956.

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from the estimates.

2. Fixed Assets:

- Free Hold Land/ Lease Hold Land is stated at cost of acquisition inclusive of incidental expenses thereto.
- Fixed Assets are recorded at cost of acquisition or construction inclusive of freight, duty, taxes and incidental expenses related to acquisition or construction.
- Project under commissioning and other Capital Work-in-Progress are carried at cost comprising Direct Cost, Advance to Supplier and related Incidental Expenses and attributable Interest on Borrowed Fund for project if any.
- When assets are sold or discarded, their cost and accumulated depreciation are removed from fixed asset and the resulting gain/loss is reflected in profit & loss account.

3. Depreciation:

- Lease Hold land is amortised during the respective lease period.
- Depreciation on Fixed Assets has been charged in accordance with Straight Line Method (SLM) as per rates specified in Schedule XIV of the Companies Act, 1956 as amended by Notification GSR No. 756(E) dated 16.12.1993 issued by Ministry of Law, Department of Company Affairs.
- Classification of Plant & Machinery into continuous process is done as per technical certification and depreciation thereon is provided accordingly.

4. Investments:

Long Term Investments are stated at cost, unless there is a permanent diminution in value thereof. In such a case, adequate provision is made against such diminution in the value of investments.

5. Inventories:

Inventories are valued as under:

- Raw Materials are valued at lower of cost computed on FIFO basis and net realisable value less VAT where applicable.
- Finished goods are valued at cost (less realisable value of by-products) or net realisable value whichever is lower.
- Stores & Spares, Packing Material etc. are valued at cost less VAT where applicable.
- By-Products are valued at estimated realisable value.

6. Foreign Currency Transactions

- Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction.

Schedules forming part of the accounts

20 SIGNIFICANT ACCOUNTING POLICIES (Contd..)

- b) Monetary items denominating in foreign currencies at the year end are restated at year end rates. In case of items covered by the forward exchange contract, the difference between the year end rates and the rate on the date of contract is recognised as exchange difference and the premium paid on forward contract is recognised over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense during the year.
- c) Profit/ loss on derivatives and financial instruments such as forward exchange contracts and interest rate swap to hedge risks associated with foreign currency fluctuations and interest rates are considered as revenue items.

7. Revenue Recognition

- a) Domestic Sales are accounted when goods are supplied to customers and are recorded net of trade discounts, rebates, vat etc. Export sales are recognised on the date, the Company ships the goods as evidenced by their bill of lading. Sale of energy is accounted on actual net billing plus claims for short generation wherever applicable.
- b) Export entitlements in respect of Export made under Duty Entitlement Pass Book (DEPB) Scheme are recognised in the profit & Loss account when the right to receive credit as per the terms of the scheme is established.
- c) Sale of Certified Emission Reduction (CER) will be recognised as income on the delivery of the CER to the customer's account as evidenced by the receipt of confirmation on execution of delivery instructions.
- d) Other items of revenue are recognised in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment/ realisation of income, the same is accounted when it is measured with certainty.
- e) Interest on Fixed Deposits is booked on time proportion basis taking into account the amount invested and the rate of interest.
- f) Profit/Loss on sale of investments is booked on the basis of contract notes for sale of shares.
- g) Dividend income on Investments is accounted for when the right to receive the payment is established.

8. Borrowing Costs:

Borrowing costs are recognised as an expense in the year in which they are incurred except cost that are directly attributable to the acquisition, construction or installation of qualifying assets which are capitalised as part of the cost of the asset.

9. Impairment of Assets

The Company tests on annual basis the carrying amount of the asset for impairment so as to determine

- a) The provision for impairment loss if any, or
- b) The reversal, if any required on account of impairment loss recognised in previous periods.

10. Employee Benefits

a) Short Term Employees Benefits:

The undiscounted amount of short term employee benefit expected to be paid in exchange for the services rendered by employee is recognised during the period when the employee remain under the service. This benefit includes salary, wages, short term compensatory absences and bonus.

b) Long Term Employee Benefits:

- i) Defined Contribution Scheme- This benefit includes contribution to Employee's State Insurance Corporation and provident fund scheme. The contribution is recognised during the period in which the employee rendered service.
- ii) Defined Benefit Scheme- For defined benefit scheme the cost of providing benefit is determined using the projected unit credit method with actuarial valuation being carried out at each balance sheet date. The retirement benefit obligation recognised in the balance sheet represents value of defined benefit obligation as reduced by the fair value of planned assets. Actuarial gains and losses are recognised in full during the period in which they occur.

11. Government Grants:

Grants related to revenue are recognised in the Profit & Loss Account to match them with related cost.

12. Taxes On Income:

- a) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.
- b) Deferred Tax liability if any is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference in one year and are capable of reversal in one or more subsequent years.
- c) Fringe Benefit Tax is provided in the accounts as per applicable rules.

13. Provisions, Contingent Liabilities & Contingent Assets:

- a) The Company creates a provision when there is present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.
- b) Contingent Liability is disclosed when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. But where the likelihood of the outflow of resources is remote, no disclosure is made.
- c) Contingent Assets are neither recognised nor disclosed in financial statements.

Schedules forming part of the accounts

20 SIGNIFICANT ACCOUNTING POLICIES (Contd..)

14. Earning Per Share

Basic earning per share is computed by dividing, the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted Earning per Share are computed after adjusting the effects of all dilutive potential equity shares.

15. Income From Operating Lease

It is recognised as rentals, as accrued over the period of lease.

21 NOTES ON ACCOUNTS

1. Preference Share Capital

4% Non Convertible Preference shares allotted on 30th June 2003 are redeemable at par after a period of 12 years from the date of their allotments.

2. Securities Premium

a) Addition to Security Premium during the year Rs. 3605.08 Lacs (previous year Rs. 6739.58) is on account of issue of 32,55,147 (previous year 60,85,396) equity shares at a premium of Rs. 110.75 per share on conversion of 904 (previous year 1690) FCCBs.

b) A sum of Rs. 23,15,63,292/- has been adjusted on account of Deferred Tax liability (Net) for the year ended 31st March 2008 (Refer note no.12)

3. Foreign Currency Convertible Bonds (FCCB)

The Company had issued in July 2005, 1.5% Foreign Currency Convertible Bonds (FCCB) of USD 10000 each aggregating USD 32.20 million [Rs. 140.01 Crores] at par. The bonds were redeemable on or before 8th July 2010 unless previously converted at 125.383% of its principle amount; these bonds were convertible into equity shares at an initial conversion price of Rs.161/- per share. Since then the Conversion price was reset @ Rs. 120.75 per share with effect from 26th June 2006 with existing fixed rate of exchange on conversion @ Rs. 43.48 =USD 1.00 at the option of the bondholder at any time on or after 8th August 2005 and prior to the close of business on 7th June 2010. Out of the above only 904 bonds were outstanding as on 31st March 2007 which have been fully converted into 32,55,147 equity shares of Rs. 10/- each at a premium of Rs. 110.75 per share and now no bonds are outstanding as on 31st March 2008.

4. The Company has issued 200 (previous year 150) redeemable Non –Convertible Unsecured Debenture of Rs. 100 Lacs each to a financial institution on Long/short term basis.

5. Estimated amount of contracts remaining to be executed on Capital account (net of advances) Rs. 497 Lacs (previous year Rs. 3490 Lacs).

6. Contingent liabilities not provided for in respect of:

a) Sales Tax Demand under appeal for various financial years amounts to Rs. 61.57 Lacs (Previous year Rs. 51.34 lacs (Net of deposits)).

b) Letters of Guarantee issued by the Bank in favour of Dy. Commissioner of Customs, for Rs. 22,29,200/- is awaited clearance on completion of the Export performance under Para 5.2/5.7 of Exim Policy 2002-07.

7. Disclosure under the Micro, Small & Medium Enterprises Development Act, 2006:

There are no Micro, Small and Medium Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues which are outstanding for more than 45 days as on 31.03.2008 on account of principal amount together with interest and accordingly no additional disclosures has been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

8. Disclosures pursuant to Accounting Standard-15 (Revised) 'Employees Benefits':

Effective 1st April 2007, the Company adopted revised Accounting Standard 15 (Revised 2005) on Employee Benefits. Pursuant to adoption of the AS, an amount of Rs. 10.53 Lacs on account of Gratuity and Rs. 5.51 Lacs on account of Leave Encashment, being transitional obligation arising upon re-measurement of certain employee benefit as on 1st April 2007 has been recognised with corresponding debit to General Reserve.

A) Defined Contribution Plans

In accordance with the Accounting Standard 15 on employee benefits issued by The ICAI, the Company make contribution of provident fund to the regional provident fund commissioner and recognised the same as expenses in the profit & loss account.

B) Defined Benefit Plans

In keeping with the Company Gratuity scheme (Defined Benefit Plan) eligible employees are entitled to gratuity benefits (at

Schedules forming part of the accounts

21 NOTES ON ACCOUNTS (Contd..)

one and half month's eligible salary for each completed year of service on Retirement / Death / Termination. Vesting occurs upon completion of 5 years of service subject to the payment of Gratuity Act, 1972. The present value of obligation is determined based on actuarial valuation using the 'projected unit credit method'. Obligation for the leave encashment is recognised in the same manner as Gratuity. Following are the further particulars with respect to Gratuity for the year ended 31st March 2008.

(Rupees in Lacs)

	Gratuity	Leave Encashment
i) Changes in Defined Benefit obligation		
Present value of obligation at the beginning of the year	35.42	8.42
Service Cost	37.77	2.59
Interest Cost	4.39	1.73
Actuarial (Gain)/Loss	(3.23)	58.12
Benefit Paid	-	(35.93)
Present Value of obligation at the end of the year	74.35	34.93
ii) Change in Plan Assets		
Plan Assets at the beginning of the year	-	-
Actual return on plan Assets	-	-
Contribution by the Company	-	35.93
^ Actual Benefits paid	-	(35.93)
Actuarial (Gain)/ Loss	-	-
Plan Asset at the end of year	-	-
iii) Reconciliation of the present value of defined obligation and fair value of planned Assets		
Present value of the obligation at the end of the year	74.35	34.93
Fair value of plan Assets at the end of the year	-	-
Liability / (Asset) recognised in the Balance Sheet	74.35	34.93
iv) Expenses Charged to profit & Loss Account:		
Current Service Cost	37.77	2.59
Interest Cost	4.39	1.73
Expected return on Plan Assets	-	-
Actuarial (Gain) / Loss	(3.23)	58.12
Total expenses charge in Profit & Loss Account	38.93	62.44

The Principal assumptions used in the calculation are the (1) Discount Rate, (2) Salary increase. The Discount rate is based upon the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities and the salary increase take account of inflation, seniority, promotion and other relevant factors.

This being the First year of disclosure, previous year figures have not been furnished.

9. Fixed Deposits with banks include Rs. 37.08 Lacs (Rs. 28.91 Lacs) pledged as margin money against Letter of Guarantee issued by them.

10. Director's Remuneration (in Rs.):*

(Amount in Rupees)

	2007-08	2006-07
a) Salary & Allowances	32,40,000	19,20,000
b) Contribution to provident fund	9,360	9,360
c) Commission to a director	24,00,000	12,00,000
d) Perquisites	3,29,859	3,28,935
e) Director Sitting Fees	60,500	40,500
Total	60,39,719	34,98,795

* Exclusive of provision for future liabilities in respect of employee benefits which is based on actuarial valuation done on overall Company basis.

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and Commission payable to a Director

Particulars	2007-08	2006-07
Net Profit before Taxation	1,30,18,51,663	1,06,04,27,148
Add: Director's Remuneration (including commission on above)	60,39,719	34,98,795
Less: Profit on sale of fixed assets	(62,701)	(10,57,218)
Net Profit	1,30,79,54,083	1,06,28,68,725
Commission to a Director	Rs. 24,00,000	Rs. 12,00,000
- Percentage of Net Profit	0.18%	0.11%

Schedules forming part of the accounts

21 NOTES ON ACCOUNTS (Contd..)

11. Auditors' Remuneration includes:

(Amount in Rupees)

	2007-08	2006-07
a) Audit Fees	7,00,000	4,50,000
b) Tax Audit Fees	1,80,000	50,000
c) For Certification	1,00,000	2,00,000
d) For Service Tax	1,21,128	85,680
e) For reimbursement of expenses	1,31,596	1,21,240
Total	12,32,724	9,06,920

12. Deferred Taxation:

(Amount in Rupees)

	As on 31.03.2008	As on 31.03.2007
a) Deferred Tax Liabilities:		
- On Depreciation	93,81,76,715	70,82,44,676
b) Deferred Tax Assets		
- On Gratuity & Leave Encashment	37,14,397	9,35,781
- On Issue Expenses (U/s 35D)	88,01,390	1,32,11,259
Deferred Tax Assets	1,25,15,787	1,41,47,040
Net Liability	92,56,60,928	69,40,97,636

The Hon'ble Kolkata High Court vide its order has allowed the Company to utilise the Securities Premium Account towards meeting Deferred Tax Liability computed as per the Accounting Standard (AS-22) "Accounting of Taxes on Income" prescribed by The Institute of Chartered Accountants of India. Accordingly the Securities Premium Account has been utilised towards adjustment of Net Deferred Tax Liabilities Rs. 23,15,63,292/- for the year.

13. The Company has entered into contract for foreign currency rupee swap to hedge its part of long term exposure based on interest rate and currency exchange agreement. Gain/ Loss on such contracts which have been settled during the year have been accounted for and adjusted against interest on term loan.

Pursuant to the announcement on Accounting for derivatives issued by The Institute of Chartered Accountants of India there is one Foreign Currency derivative contracts outstanding as at 31st March 2008 entered into by the Company for hedging purposes and as on date an adverse position of Rs. 2.64 Crores has been indicated on Mark to Market basis, which has not been provided in the accounts.

14. Disclosure regarding Discontinuing Operations as per Accounting Standard 24

The Company is presently carrying on the business of basmati rice processing, generation of power through its wind mill and retail chain. The Board of Directors of the Company proposed in its meeting held on 24th August 2007, subject to the approval of the Hon'ble High Court at Kolkata and other statutory bodies, a scheme of arrangement between REI Agro Limited (Demerged Company) and REI Six Ten Retail Limited (Resultant Company) to demerge its retail business with effect from 25th August 2007 being the appointed date or such date that the Hon'ble High Court at Kolkata may direct.

In view of the above, pending necessary approval of the Hon'ble High Court at Kolkata and other authorities, the retail division is in operation and results thereof have been included in these accounts. The carrying amount as of the Balance Sheet date, the total assets and total liabilities and the amounts of revenue expenses in respect of discontinuing operations, pretax profit of the retail division are reported separately under retail segment.

15. Operating Lease:

The Company during the year has given on Operating Lease 17 Wind Turbine Generator (WTG) having capacity of 10.2 MW situated at Kutch, Gujarat. Disclosures required as per Accounting Standards-19 issued by the ICAI are given below:

i) Gross Block of Fixed Assets	Rs. 53,26,33,161
ii) Accumulated Depreciation	Rs. 2,08,58,394
iii) Future Lease Rental Receivable	(Rupees in Lacs)
a) Not later than one year	300
b) Later than one year and not later than five years	1,200
c) Later than five years	1,500

16. Segment Reporting (Under Accounting Standard 17 issued by ICAI)

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. As part of secondary reporting revenues are attributed to geographical areas based on the location of the customers. The following table presents the revenue, profit, assets and liabilities information relating to the

Schedules forming part of the accounts

20 SIGNIFICANT ACCOUNTING POLICIES (Contd..)

III) Transactions with Related parties:

(Rupees in Lacs)

Transactions	Control Exists	Key Management	Relatives of KMP
Dividend	-	-	-
~ Equity Shares	(2,36,29,385)	(12,75,960)	(1,79,475)
Managerial Remuneration (Including Sitting Fees)	-	60,11,219 (34,98,795)	- (70,000)
Consultancy Charges	-	-	-
~ Dr. ING Gupta Technical Private Limited	(5,00,000)	-	-
Purchase of Steels	Nil	-	-
~ Varrsana Ispat Ltd.	(12,64,92,606)	-	-
Sale of DEPB License	1,64,27,537	-	-
~ Varrsana Ispat Ltd.	(1,29,60,212)	-	-
Sale of Scrap	6,51,186	-	-
~ Varrsana Ispat Ltd.	(8,90,240)	-	-
Sale of Fixed Assets	Nil	-	-
~ Varrsana Ispat Ltd.	(2,60,000)	-	-
Investment in Shares	1,03,21,00,000	-	-
~ Varrsana Ispat Ltd.	51,60,500	-	-
	Shares of Rs. 10/- each		

Note: Reimbursement of expenses has not been treated as related party transactions.

18. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

A) Capacities, Production, Sales and Stocks (As certified by the Management)

	Unit	2007-08	2006-07
I) Licensed Capacity		N.A	N.A
II) Installed Capacity			
~ Basmati Rice Processing	(TPH)	79*	61
~ Wind Turbine Generator	(MW)	46.10	35.90

* Includes Leased Capacity of 18 TPH for processing of Basmati Rice at Amritsar.

i) Finished Goods

Particulars	2007-08		2006-07	
	Quantity in MT	Amount (Rs.)	Quantity in MT	Amount (Rs.)
a) Processed Rice				
i) Opening stock	70,395	1,88,12,80,929	72,491	2,74,47,14,516
ii) Actual Production	3,97,860	-	2,88,025	-
iii) Sales*	3,87,053	14,81,67,48,044	2,90,121	9,79,90,93,283
iv) Closing stock	81,202	2,75,59,79,062	70,395	1,88,12,80,929

* Sales include inter segment sales of Rs. 50,92,24,730/-.

ii) By-products

	2007-08		2006-07	
	Quantity in MT	Amount (Rs.)	Quantity in MT	Amount (Rs.)
Bran & Husk				
Sales	24,744	15,47,89,981	34,640	15,88,40,704

iii) Power Generation

	2007-08		2006-07	
	Units	Amount (Rs.)	Units	Amount (Rs.)
Electricity	46,9,59,194	18,35,51,468*	4,87,73,407	22,52,35,817**

* Including Operating Lease Rental of Gujarat Wind Power Project

**Includes claim for short generation

Schedules forming part of the accounts

20 SIGNIFICANT ACCOUNTING POLICIES (Contd..)

iv) Purchase of Goods

	2007-08		2006-07	
	Quantity in MT	Amount (Rs.)	Quantity in MT	Amount (Rs.)
i) Opening stock	-	-	-	-
	-	4,93,370	-	-
ii) Purchase	75,625	1,92,47,39,442	38,071	63,48,17,636
	-	1,73,31,92,710*	-	6,57,750
iii) Sales	75,625	2,01,46,82,562	38,010	65,28,74,486
	-	1,84,73,79,882	-	2,48,173
iv) Closing Stock	-	-	-	-
	-	29,41,35,936	-	4,93,370
v) Shortage	-	-	61	-

* Purchase include inter segment purchase of Rs. 50,92,24,730/-.

B) Materials consumed & purchase of goods (100% Indigenous)

	2007-08		2006-07	
	Quantity in MT	Amount (Rs.)	Quantity in MT	Amount (Rs.)
Raw material consumed	5,05,128	11,79,17,04,269	3,75,612	6,67,61,40,741
Purchase of goods	75,625	3,14,87,07,422	38,071	63,54,75,386
Total		14,94,04,11,691		7,31,16,16,127

(Amount in Rupees)

	2007-08	2006-07
C) i) FOB Value of Export	3,02,68,68,701	1,48,44,84,787
ii) Interest Earned	-	48,23,882
iii) Refund on account of GDR Expenses	-	-
E) Expenditure in Foreign Currency		
i) Foreign Travelling	59,81,381	33,15,779
ii) Ocean Freight	-	1,05,07,620
iii) Interest Paid (Net of TDS)	2,00,29,824	59,19,677
iv) Management Training Expenditure	-	14,11,109
v) Legal & Professional	6,01,731	4,72,469
vi) Listing Fees	7,24,769	6,03,565
G) i) Amount remitted in Foreign Currency on Account of Dividend		
a) On Equity Share	Nil	60,35,781
b) On Preference Share	1,60,00,000	1,60,00,000
ii) No. of Non-resident Shareholders		
a) Equity Shares	N.A	6
b) Preference Share	4	4
iii) No. of shares held by Non-resident Shareholders		
a) Equity Shares	N.A	40,23,854
b) Preference Shares	40,00,000	40,00,000

19. Previous year's figures have been regrouped/re-arranged wherever considered necessary.

20. Figures in brackets in Note No. 16 & 17 denote previous year's figures.

Signature to Schedules 1 to 21

In terms of our attached report of even date

For P. K. Lilha & Co.
Chartered Accountants

For and on behalf of the Board

CA P. K. Lilha
Partner
Membership No. 11092
Place : New Delhi
Dated : 30th June 2008

Sandip Jhunjunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary

Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue Rights Issue

Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves and Surplus

Secured Loans Unsecured Loans

Deferred Tax

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover Total Expenditure

Profit / (Loss) before Tax Profit/ Loss after Tax

Earnings Per Share (in Rs.) Dividend Rate %

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Product Description	Item Code No. (ITC Code)
Rice Processing	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Windmill	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="4"/>

For and on behalf of the Board

Place : New Delhi
Dated : 30th June 2008

Sandip Jhunjhunwala
Managing Director

A. Chatterjee
Director

Dr. ING N. K. Gupta
Director

Mandan Mishra
Company Secretary